

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 MIEH, INC,

4 Plaintiff,

5 v.

19 CV 178 (JPO)

6 TEKNO PRODUCTS, INC., et al.,

7 Defendants.

8 -----x
9 EVER VICTORY TECHNOLOGY
10 LIMITED,

11 Plaintiff,

12 v.

19 CV 486 (JPO)

13 SAS GROUP, INC.,

14 Defendant.

15 -----x
New York, N.Y.

16 April 22, 2019
17 11:45 a.m.

18 Before:

19 HON. J. PAUL OETKEN,

20 District Judge
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APPEARANCES

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1 (Case called)

2 THE COURT: Sorry for the delay. I'll have you each
3 state your appearance for the record in both cases. I'm
4 treating them as potentially related for some purposes. One is
5 Mieh v. Tekno Products, 19 CV 178.

6 Starting with plaintiff, please state your names for
7 the record.

8 MR. EPSTEIN: Good morning Your Honor. I'm Robert
9 Epstein from Epstein Drangel in Manhattan. I represent the
10 plaintiff.

11 THE COURT: And Defendant Tekno Products.

12 MR. SCHURIN: Good morning, your Honor. Richard
13 Schurin of Stern & Schurin, representing Tekno Products and Max
14 Deluxe Limited.

15 THE COURT: Good morning.

16 The second case which we're doing together is Ever
17 Victory Technology Limited v. SAS Group 19 CV 486.

18 Counsel for plaintiff.

19 MR. LEE: Good morning, your Honor. Nicholas Lee
20 behalf of the plaintiff, Ever Victory Technology.

21 THE COURT: And defendant SAS Group.

22 MR. CHAKANSKY: Michael Chakansky, Hoffmann & Baron,
23 on behalf of SAS Group, Inc.

24 THE COURT: Good morning. Everyone, can remain
25 seated. I do have a court reporter here for this. Please just

1 pull the mikes toward you when you speak, but you can remain
2 seated.

3 One of these cases, the 19 CV 178 case was assigned to
4 me. The other case, 19 CV 486, was originally assigned to
5 Judge Rakoff. And I took the case on the theory that insofar
6 as it involved the same patent, there might be overlap. I
7 wanted to make sure that steps would be taken to avoid any
8 inconsistent results and determinations in the cases.

9 Having said that, I haven't yet gotten into the case,
10 and the main reason I decided to have this conference is to get
11 a little background on where things stand because I know
12 there's a motion for preliminary injunction being briefed in
13 the 486 case and there's a motion for judgment on the pleadings
14 in the 178 case.

15 In the 486 case, Ever Victory, I know you appeared
16 before Judge Rakoff I believe. He set an initial schedule, and
17 I'm now going to set a new schedule. So I want to understand
18 what's at issue in the case.

19 I haven't yet delved into the motions that are pending
20 and/or being briefed. So I would basically like a little
21 background on where things stand in each of the cases. I'll
22 start with Mieh.

23 You can stay seated and speak into the microphone.

24 MR. EPSTEIN: The case itself is a patent infringement
25 case. The patent itself has to do with a toy that consists of

1 a series of tubes that can be joined together in various
2 configurations and a remote control vehicle, a little car, that
3 goes running through the tubes. There is a remote control
4 which could control it. That's basically the patent.

5 The claims, various sets of claims in the patent --
6 there is a set of claims that relates to how the tubes
7 interconnect, and there's a set of patents as to how the
8 vehicle is guided through the tubes.

9 THE COURT: Who owns the patent?

10 MR. EPSTEIN: Well, that's the interesting part of it.
11 The patent was assigned to a company called Ever Victory
12 Technology I think. It is our position that we have an
13 exclusive right to exploit the patent.

14 THE COURT: It's an exclusive license?

15 MR. EPSTEIN: An exclusive license, yes, to exploit
16 the patent.

17 THE COURT: From EVTL?

18 MR. EPSTEIN: No. Our agreement is with the sister
19 company of EVTL. And the agreement specifically says that it
20 covers not only the sister company but all affiliates of that
21 company. There is quite a bit of evidence that the sister
22 company and the patent assignee are affiliated companies.

23 THE COURT: Okay.

24 Mr. Schurin, what's your story?

25 MR. SCHURIN: My story is, your Honor, I represent a

1 company named Tekno who is a wholesaler. They purchase
2 products primarily in the Far East and sell them in the
3 United States. One of the prior defendants in this case was a
4 retailer by the name of Menard.

5 THE COURT: Which has been dismissed.

6 MR. SCHURIN: Which has been dismissed pursuant to an
7 agreement. They agreed to stop selling the product, and the
8 plaintiff agreed to remove them from the case. I also
9 represent Max Deluxe who is a Far East agent so to speak
10 involving the sale of the product.

11 So we were brought into the case as a purported patent
12 infringer. We started looking at the patent and the claims and
13 noticed that of course the plaintiff wasn't the named assignee
14 and then found out from counsel in the other case that the
15 license, the exclusive license claim, was in dispute and is
16 in fact being litigated in Chicago in the Northern District of
17 Illinois, and it was brought to our attention.

18 THE COURT: What's the status of the Northern District
19 of Illinois case, and who is the judge?

20 MR. SCHURIN: We're not involved in that case. I
21 believe counsel here might be able to better answer that
22 question. I believe it's just ongoing. In discovery is all I
23 know. But I certainly defer to some of the others who are
24 involved in that case.

25 The extent of our investigation was to find out that

1 it was in serious dispute. The claim that they were an
2 exclusive licensee was in fact hotly contested and litigated.

3 So we're in a quandary. Who is the party that can
4 assert the rights against us. So we've been involved in
5 cases -- I've had case with Mr. Epstein's firm before. We've
6 always been able to amicably settle them.

7 We wanted to explore that. My client certainly wanted
8 to explore that because patent cases can be extremely
9 expensive, especially involving toys such as this, and our
10 sales are not that great.

11 We can't really settle with one until we know who owns
12 the rights and who has the right to sue us because of course if
13 we were to settle with Mieh, we would still have exposure
14 potentially with the other, Ever Victory.

15 So all we could do is make the motion which is now
16 pending before Your Honor. We believe they're an indispensable
17 party. And in addition to being unable to settle, it's also
18 very wasteful, we believe, for us to go through discovery in a
19 patent case potentially with a party that doesn't have the
20 rights and then have to do that all over again. So that's
21 basically our position.

22 THE COURT: So your position is that discovery should
23 not start?

24 MR. SCHURIN: Yes.

25 THE COURT: Until the motion for judgment on the

pleadings is decided.

MR. SCHURIN: Yes, your Honor.

THE COURT: What's your position on that, Mr. Epstein?

MR. EPSTEIN: I think that makes sense, your Honor.

THE COURT: So you don't want discovery started either?

MR. EPSTEIN: I think that this initial motion is extremely pertinent to this case, and it makes sense to me to have it decided before we get into discovery.

THE COURT: Before I get into the merits of the Ever Victory Technology case, 19 CV 486, let me ask counsel, Mr. Lee or Mr. Chakansky, if you can shed any light on what's going on with the Northern District of Illinois case.

MR. LEE: Yes, your Honor. The case in the Northern District of Illinois is before Judge Feinerman. And the parties just had an initial status conference about a week ago. So discovery -- and Mieh just recently filed its counterclaims. So our answer is coming due in a couple of weeks.

THE COURT: So to be clear, the case is between Mieh and Ever Victory?

MR. LEE: It's between Ever Victory and Ever Right against Mieh for, number one, breach of contract between Ever Right and Mieh and for patent infringement between Ever Victory against Mieh.

THE COURT: So the two entities that start with "ever"

1 are Ever Victory and?

2 MR. LEE: Right.

3 THE COURT: Ever Right.

4 MR. LEE: Yes.

5 THE COURT: Those are the two allegedly affiliated
6 companies that Mr. Epstein mentioned?

7 MR. LEE: That's correct.

8 THE COURT: Are they affiliated?

9 MR. LEE: They're sister companies.

10 THE COURT: One of them purports to provide an
11 exclusive license, unbeknownst to the other one, to Mieh? Or
12 is that contested?

13 MR. LEE: Ever Right has an exclusive manufacturing
14 agreement with a company that's no longer in existence. I
15 believe it's called Neatoh. And Mieh was mentioned in that
16 agreement as a third-party beneficiary for the use of the toys
17 that Ever Right would manufacture for Neatoh.

18 Now my understanding is that Mieh has used that
19 agreement by default by inserting that they are a third-party
20 beneficiary to that agreement. And as a result, they're saying
21 that they have a right to sue, wherein, the agreement does not
22 mention the asserted patent. It does not mention the
23 application number or anything that has to do with this patent
24 itself. Not to mention Ever Victory is not a party to that
25 agreement.

1 THE COURT: What's the case number in the Northern
2 District of Illinois before Judge Feinerman?

3 MR. LEE: I don't have that in front of me.

4 MR. SCHURIN: I have it in my papers, your Honor.

5 THE COURT: I guess it's probably in the papers.

6 MR. SCHURIN: Your Honor, I have it at 19 CV 678.

7 THE COURT: Thank you.

8 Is this issue teed up in the Northern District case?
9 "The issue" being whether Mieh has rights to assert claims of
10 patent infringement.

11 MR. LEE: The issue is a breach of contract. What
12 happened is Ever Right was to exclusively manufacture the toys
13 to NeatoH and manufacture the toys for over \$250,000.

14 Apparently NeatoH transferred their assets over to
15 Mieh, and NeatoH is no longer in business. They're saying that
16 they can't pay. And Mieh -- although they're a third-party
17 beneficiary, they're saying that they don't have to pay for the
18 toys that they're selling.

19 So there is a breach of contract issue involved. And
20 Ever Victory, is asserting patent infringement against Mieh
21 because they don't have a right to sue or a right to sell the
22 production because now that we've terminated the agreement back
23 in January of this year.

24 THE COURT: So will that effectively decide whether
25 Mieh can assert these claims versus Ever Victory Technology

1 being able to assert the claims?

2 MR. LEE: I can't quite answer that. I don't know.
3 But indirectly, it could.

4 THE COURT: Okay. Mr. Chakansky, is there anything
5 you want to add?

6 MR. CHAKANSKY: I'm not in the Northern District of
7 Illinois case.

8 THE COURT: Sorry?

9 MR. CHAKANSKY: I'm not in the Northern District of
10 Illinois case. I'm just SAS in the this case, the 486 case. I
11 think Mieh is represented by that gentleman.

12 THE COURT: So SAS is not in that case?

13 MR. CHAKANSKY: We are not in that case.

14 THE COURT: Mr. Epstein, is there anything that you
15 can tell me more about the Chicago case?

16 MR. EPSTEIN: Well, I can tell you that we have some
17 factual disagreements with what Mr. Lee said. The agreement in
18 question specifically and explicitly grants the rights under
19 the patent for this technology.

20 THE COURT: And it names the patent?

21 MR. EPSTEIN: It does not indicate the patent number,
22 but it does say all rights under the patent as part of the
23 exclusive license, those rights being in the United States and
24 Europe.

25 THE COURT: Is this attached to the motion for

1 judgment on the pleading?

2 MR. EPSTEIN: I'm sorry?

3 THE COURT: Is this in the briefing for motion on the
4 judgment in the pleading?

5 MR. EPSTEIN: A hundred percent, yes. It's all laid
6 out, all the facts, there. The copy of the agreement is there.
7 Obviously our view what the agreement means and what our rights
8 are under the agreement.

9 THE COURT: What can you tell me about whether the
10 Northern District case is likely to resolve this issue before
11 me about who can assert the patent? In other words, maybe
12 there is reason for me to coordinate with Judge Feinerman and
13 stay my case until he decides his or something like that.

14 What's your view on that?

15 MR. EPSTEIN: I believe that that case should clarify
16 who has the rights here. We've just filed our answer I think
17 last week in that case. There are counterclaims.

18 We are also joining as a third party the parent of the
19 two sister companies in the Chicago case because of certain
20 actions that the parent has taken, including trying to purchase
21 the assets for the party to the agreement which is called
22 Neatoh.

23 That company made an assignment to creditors of its
24 assets, and both TL and EVT -- both of them tried to purchase
25 the assets unsuccessfully.

1 THE COURT: Is there any reason I shouldn't transfer
2 this case to the Northern District of Illinois and have it all
3 in one proceeding? I don't know if there is personal
4 jurisdiction there.

5 MR. EPSTEIN: In terms of Mieh, we are located in
6 Chicago. So there is no issue in terms of that. I can't see
7 any reason why you could not transfer that case.

8 THE COURT: What do the others think? You're in the
9 Chicago area.

10 MR. LEE: I'm in Chicago. SAS I believe is in
11 New York.

12 MR. CHAKANSKY: SAS is in New York, and there is no
13 venue there.

14 THE COURT: There is no venue there?

15 MR. SCHURIN: Tekno is in New Jersey. I thought about
16 this a little bit, your Honor. I'd just like to throw out a
17 suggestion. I think it might be best to put this on the
18 suspense docket maybe and see what happens in the case in
19 Chicago.

20 It would seem to be inefficient and very costly to my
21 client even to go to initial conferences and make a venue
22 motion. The same result would be achieved. Presumably he's
23 going to stay it until he decides the ownership issue there.
24 So we can just as easily sit and wait here as we can there.

25 THE COURT: As to the Mieh case, that might be

1 plausible. In the other one I have a PI motion pending.

2 Let me start with Mr. Epstein. Are you okay with
3 staying this case pending something that would be helpful to
4 resolution from the Chicago case? Or would you rather not?

5 MR. EPSTEIN: No. I actually think that would make
6 sense, your Honor.

7 THE COURT: To stay this one.

8 MR. EPSTEIN: To stay it, yes, or to transfer it,
9 either one. We don't really care that much. Obviously there's
10 an inconsistency here in terms of who has the right to enforce
11 the patent. In the SAS case, if you were to find that that
12 case could go forward, that would kind of put us in limbo I
13 guess.

14 THE COURT: I don't know that I'll be in a position to
15 grant a preliminary injunction when it's not even clear that
16 Ever Victory can assert the patent.

17 So, Mr. Lee, what do you think about staying your case
18 as well?

19 MR. LEE: Well, we were not even aware of Mieh having
20 actually asserted a patent suit in this court.

21 THE COURT: Until now?

22 MR. LEE: Until we filed the suit against SAS. We
23 were very surprised when we found out because, number one, Ever
24 Victory is the named owner of the patent on its face. They
25 have the recordation of assignment before the patent office.

1 The agreement that they're asserting as a reason for
2 asserting the patent by Mieh does not mention the patent, and
3 Ever Victory is not a party to that agreement. So as much as
4 Mieh is asserting that they have a right to sue, the case law
5 is very clear. It has to be expressly stated in the agreement.

6 Here, Ever Victory is not even a named party to the
7 agreement. And yet they're asserting that somehow they're
8 affiliated with Ever Right. So they must have acquiesced to
9 the right to sue I believe is a stretch argument.

10 But having said that, we brought the preliminary
11 injunction motion for a reason. SAS is selling the accused
12 toys, and that is hurting our client's ultimate business.
13 Because of the price erosion of the toys, time was of the
14 essence. That was the main reason why we had to bring this
15 preliminary injunction motion when we did.

16 THE COURT: Mr. Chakansky, do you want to respond?

17 MR. CHAKANSKY: Yes. As to background as well, SAS
18 Group is a marketer. They find products, they approve them,
19 they sell them, and they market them very well.

20 One of the products they found was a toy game, play
21 pattern, where you had a track that was closed, and you had a
22 race car around it. And they looked at it. There was no
23 patent. They went ahead and approved it and sold it very well.
24 In 2018, it constituted 50 percent of their sale. It's half
25 their business.

1 In May of last year --

2 THE COURT: Sorry. Half of whose business?

3 MR. CHAKANSKY: My client's business is the sales of
4 their -- we call them zoom tubes.

5 THE COURT: Zoom tubes?

6 MR. CHAKANSKY: Zoom tubes.

7 THE COURT: That's half of SAS' business?

8 MR. CHAKANSKY: In 2018. It's seasonal. In May of
9 last year, Mieh sent a cease and desist to SAS. We have a
10 bundle of IT, including the '212 patent.

11 In October, cease and desist letters from Ever Victory
12 and Ever Right together were sent to our purchasers, Wal-Mart
13 and Target. We responded and said we don't infringe. So we
14 had cease and desist letters from both parties, actually, three
15 parties.

16 Additionally, we learned that Ever Right, Ever Victory
17 are so-called sister companies who are owned by Sunlee Group,
18 the head of whom happens to be the inventor on the patent.

19 And the Sunlee Group happens to be -- I might disagree
20 with counsel there -- the manufacturer of the product. Ever
21 Right is a distributor. Ever Victory is merely the patent
22 holder.

23 We think it's premature at this stage in the beginning
24 until the ownership -- who we have to deal with, if we have to
25 deal with Ever Victory, if we have to deal with Mieh, we have

1 to deal with both -- it makes no sense to get into settlement
2 discussions if we don't know who we have to deal with.

3 Additionally, we were on a very aggressive schedule
4 under Judge Rakoff. We've done a lot of things already. The
5 answer has been filed. The answer to the counterclaims has
6 been filed. We have almost completely briefed the PI motion.
7 Ever Victory has gone ahead and taken discovery of our
8 president. We've taken Ever Right's salesperson. They've
9 taken our expert.

10 A lot of things have gone on, and it has been very
11 costly to our client, as well as the fact that we have hanging
12 over us the preliminary injunction motion which, if it was
13 granted, which we don't think it should be, would really hurt
14 my client's business.

15 THE COURT: So they're still selling the toy?

16 MR. CHAKANSKY: They're still selling it.

17 THE COURT: And Mieh has not brought suit against SAS?

18 MR. CHAKANSKY: No. Only the cease and desist letter.

19 THE COURT: So what's your proposal? You think I
20 should decide the PI motion and not stay it?

21 MR. CHAKANSKY: I think you should stay our case.

22 THE COURT: You think I should stay it?

23 MR. CHAKANSKY: Stay it until the alleged asserters of
24 the patent figure out which one it is.

25 THE COURT: Three out of four of you said I should

1 stay it. If we were taking a vote, I would stay it. But
2 Mr. Lee disagrees.

3 MR. SCHURIN: Your Honor, can I clarify my position a
4 little bit. I believe that the motion to dismiss that we made
5 on the pleadings should be granted as opposed to a stay because
6 it's clear the plaintiff, Mieh, does not have an uncontested
7 exclusive license.

8 And I believe the law is that for an exclusive
9 licensee to have standing to sue, it has to be established. It
10 can't be contested. That's the point of our motion, that, yes.
11 An exclusive licensee. Assuming that their rights were clear
12 as day, yes, they would have standing.

13 But in this case, they clearly don't. Under the law,
14 they just don't have standing to maintain an action until that
15 is established. So sort of you can look at it if you wanted to
16 decide the standing issue first, we think you should get rid of
17 this case. It can be dismissed without prejudice. It doesn't
18 have to be stayed. Then whoever is the victor can decide
19 whether or not to recommence it.

20 THE COURT: So you don't want me to stay it. You want
21 me to decide the motion first.

22 MR. SCHURIN: That would be my first option. I'm
23 sorry if I was unclear before. The papers were fully
24 submitted. It's basically a legal point. The facts are not in
25 dispute.

1 When your Honor asked before whether or not the
2 ownership issue was briefed in the motion, it really isn't.
3 They offered a bunch of evidence, but we're not in a position
4 to participate in that. We actually objected to the
5 introduction of all this evidence because it goes well beyond
6 the pleadings.

7 THE COURT: You're just relying on the legal principle
8 that it has to be essentially an uncontested ownership and
9 saying that gives rise to a standing defense.

10 MR. SCHURIN: Yes. The law is that normally only the
11 assignee can sue. There is an exception for an exclusive
12 licensee.

13 THE COURT: But it's a motion for judgment on the
14 pleadings. All they have to do is allege that there is enough
15 factually to establish standing I would think.

16 You're saying they haven't alleged enough?

17 MR. SCHURIN: They haven't alleged enough of it, and
18 the law is that they have to allege that they are -- they have
19 an uncontested exclusive license. And they've admitted that
20 they can't allege that. So in that case, there's a lack of
21 standing.

22 THE COURT: It just seems odd to me that you want me
23 to work out these disputes about ownership when there is a
24 judge in Chicago who's going to be deciding these issues.

25 MR. SCHURIN: My position is your Honor doesn't need

1 to decide those. It's uncontested that there is a dispute. So
2 long as there's a dispute, they don't have standing. They're
3 not an uncontested exclusive licensee. That's our position.

4 THE COURT: So you want me to decide the motion for
5 judgment on the pleadings.

6 I guess you're okay with that as well?

7 MR. EPSTEIN: Yes, I am, your Honor.

8 THE COURT: And then we'll go forward from there. In
9 the meantime, there shouldn't be discovery in the Mieh case I
10 believe because that decision -- I may decide to stay the case,
11 or I may just decide the motion for judgment on the pleadings.
12 In either case, I won't have you do discovery I guess.

13 Is Mieh going to be engaged in discovery already in
14 the Illinois case?

15 MR. EPSTEIN: Well, as I said, it's still in the
16 pleadings stage. Clearly once the pleadings are over, we will
17 be undertaking discovery in that case.

18 THE COURT: Isn't there a discovery schedule already?

19 MR. EPSTEIN: Yes. Actually, I do think in the last
20 hearing -- I did not attend. Local counsel did. Yes. I think
21 there is a schedule in that case, your Honor.

22 THE COURT: I'll have to look at the papers before I
23 decide anything. I don't know how realistically I'm going to
24 grant a preliminary injunction when there is a serious issue
25 about who has the rights to assert this patent.

1 I guess you're saying it's not a serious issue.
2 You're saying it's pretty clear?

3 MR. LEE: It's abundantly clear in my opinion. I
4 understand that counsel is disagreeing with certain facts, but
5 if your Honor will look at the papers that are before you,
6 you'll note that the agreement does not mention Ever Victory
7 who is the patent owner. And Ever Victory and Ever Right does
8 not have any assignment where Ever Right has the right to
9 assign or give right to sue to somebody else. There is no such
10 agreement in existence.

11 One additional thing to mention. At the time the
12 agreement was executed, the patent that is being asserted in
13 this case was still pending. So there was never a mention
14 about the patent. So for Mieh to assert that they have a right
15 to sue based on the agreement -- it's nonsensical to me,
16 your Honor.

17 THE COURT: Who is listed as the owner of the patent?

18 MR. LEE: Ever Victory.

19 THE COURT: So what's your position in the Ever
20 Victory case as to discovery? I gather you've engaged in
21 discovery already.

22 Is there currently a deadline for fact discovery?

23 MR. EPSTEIN: Yes.

24 THE COURT: So Judge Rakoff set a schedule for
25 discovery?

1 MR. EPSTEIN: I think it's in June.

2 MR. LEE: We submitted an amended discovery schedule,
3 and we proposed that all discovery to be completed by
4 October 24, 2019.

5 MR. CHAKANSKY: On the other hand, it's been SAS's
6 position that discovery should not occur while the issue of
7 standing is still out there. It's a big expense for my client.

8 THE COURT: So you want no more discovery to happen?

9 MR. CHAKANSKY: Yes, until it gets resolved one way or
10 the other.

11 THE COURT: How would it get resolved?

12 MR. CHAKANSKY: From the Northern District of Illinois
13 case presumably.

14 THE COURT: And your position is go forward with
15 discovery under the October schedule.

16 MR. LEE: I believe that discovery should proceed, and
17 at the same time the issue of standing that is brought to your
18 attention in the other case should be decided because I believe
19 that SAS is using that as a buffer to not only engage in
20 discovery but to even talk settlement.

21 So it's our position that the issues become very murky
22 right now, but at the same time the paper is very clear. Mieh
23 does not have the right to sue. Let alone there was never an
24 agreement between Ever Victory and Mieh for anything to do with
25 the asserted patent in this case.

1 THE COURT: Have you all read the motion for judgment
2 on the pleadings filed in the other case?

3 MR. LEE: I've read defendant's side. I have not yet
4 read plaintiff's response. I just read the declaration by one
5 of the principals in that case.

6 THE COURT: Remind me what we set for the preliminary
7 injunction hearing.

8 MR. LEE: The preliminary injunction hearing had been
9 adjourned. It has not been set since then.

10 MR. CHAKANSKY: The reply is due the 26th currently,
11 April 26, at which time it will be complete.

12 THE COURT: Then it will be fully briefed?

13 MR. CHAKANSKY: Yes.

14 THE COURT: So I think I'm going to take a look at the
15 papers first before I figure out what to do with this not
16 tricky issues because I think I need to take look a little bit
17 at the agreements to assess these ownership issues and then
18 also look at the PI papers, when they're fully briefed, to
19 determine whether and when to set a hearing for that.

20 In the meantime, have you been doing discovery in the
21 last few weeks?

22 MR. LEE: Other than the discovery for preliminary
23 injunction, the parties have exchanged written discovery. The
24 parties have agreed to exchange and produce documents the first
25 week of May.

1 MR. CHAKANSKY: Yes. The current requests are due the
2 first week of -- responses to the first request are due the
3 first week of May. If we had an opportunity to stay that
4 pending a decision whether to go ahead, that would be cost
5 saving for my client if we could stay the responses.

6 THE COURT: If you could save the responses?

7 MR. CHAKANSKY: I'm sorry. Stay, until we get a
8 decision from your Honor whether you're going to hold a hearing
9 on the preliminary injunction, whether you're going forward
10 with that.

11 THE COURT: Did you want to add something?

12 MR. LEE: Yes. The concern that we have right now --
13 I know this issue is not in front of you, but with respect to
14 discovery, the president of SAS does not even know who
15 manufacturers their own toys. We need that information as part
16 of our discovery and part of the preliminary injunction. If we
17 don't have that, the discovery gets preemptively stayed.

18 Again, we just feel that the issue of standing is the
19 reason why they don't want to participate or try to delay
20 discovery, and I think that it should be -- as far our case, at
21 least discovery should continue.

22 MR. CHAKANSKY: I would have to disagree with some of
23 that. We've been very cooperative with discovery. We filed
24 our opposition to the preliminary injunction motion. We had
25 our client, the president, give a declaration and an expert.

1 We provided both of them for their depositions within a week so
2 that they could be done in a timely fashion.

3 We have cooperated. The fact that our client doesn't
4 know offhand who the agent he uses in China uses for the
5 manufacturing shouldn't stand in the way of their program for
6 discovery here.

7 THE COURT: Why is it so important to know the
8 manufacturer for the PI motion?

9 MR. LEE: Because we believe that the manufacturer --
10 our intent is to engage in another lawsuit in China if we find
11 out who the manufacturer is.

12 THE COURT: Another lawsuit in China?

13 MR. LEE: Because they're being manufactured and
14 imported and shipped to the U.S. And our client is adamant
15 that we need to stop it.

16 MR. CHAKANSKY: If that is the only thing to stay our
17 discovery, I can get my client, if he can find out who it is,
18 to provide him that information.

19 THE COURT: Why don't do you that. Other than that,
20 I'm going to stay further discovery, unless it's crucial, to
21 the PI motion, but I'll hold you to the representation that
22 you'll provide that information, pending further order because
23 I want to try to think about this and sort through the best way
24 to do it.

25 The easiest way to do it would be to get a global

1 settlement that somehow resolves this issue which would have
2 Mieh and Ever Victory/sister and parent get together and reach
3 some deal as to whatever, dividing the right to assert the
4 patent, so that it would be clear. And then you can resolve
5 this. I gather there is not much interest at this point.

6 Did Judge Feinerman ask about that?

7 MR. LEE: Well, Judge Feinerman was having a hard time
8 getting the facts --

9 THE COURT: Getting what?

10 MR. LEE: Getting the facts squared away because now
11 they're asserting civil conspiracy.

12 THE COURT: Who is asserting that?

13 MR. LEE: Mieh is asserting civil conspiracy, and
14 we're still trying to wrap that around our head to see what
15 that's about. So it's still premature.

16 THE COURT: Is there anything anyone else wants to
17 add?

18 MR. LEE: One more thing, Judge. If I can get a date
19 certain for counsel to provide me with that information of who
20 the manufacturer is, that would be great.

21 MR. CHAKANSKY: As soon as I call my client, I will
22 ask him to try to figure it out. From the paperwork that we
23 had in the deposition, it looks like he should be able to
24 figure out who it is.

25 THE COURT: Try to get it by May 3.

1 MR. CHAKANSKY: Absolutely.

2 THE COURT: Great. Other than that, I'm going to take
3 the matter under advisement in terms of how to go forward.
4 I'll let you know what I've decided in terms of whether and how
5 we will go forward or not.

6 Is there anything else anybody wants to address today?

7 MR. CHAKANSKY: Just one thing. If we go forward in
8 discovery in the future if the case is not stayed, we have
9 three entities we're dealing with, all located in Hong Kong or
10 China. We're probably going to need -- they're all related.
11 Their declarant was from Ever Right --

12 THE COURT: You're talking about --

13 MR. CHAKANSKY: Ever Right is one of the sister
14 companies. The declarant and the PI motion was from a sister
15 company dealing with irreparable injury.

16 THE COURT: You're talking about Ever Victory being
17 from China?

18 MR. CHAKANSKY: Ever Victory is in Hong Kong; Ever
19 Right is in Hong Kong; and the Sunlee Group, the parent; is I
20 believe in China, but it could be Hong Kong. I'm not sure.
21 I'm just saying there will be a lot of what seems to be
22 third-party discovery coming from China.

23 THE COURT: And Mieh is based where?

24 MR. EPSTEIN: In Chicago.

25 THE COURT: Chicago. All right. Fair enough.

1 Anything else for now? Okay. Great.

2 It would be helpful to have the transcript. So I'd
3 ask you to order this transcript and divide it four ways. Can
4 you do that?

5 MR. CHAKANSKY: Sure.

6 THE COURT: Thanks, everybody. We're adjourned.

7 (Adjourned)

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